

Bank of Canada Report

all public indebtedness in Canada by over 2 per cent since this government took office. I should like to have the opinion of the management of the Bank of Canada in this regard. It must be remembered that an increase of 2 per cent is not a small matter; it is not a consideration to be lightly dismissed. Assuming an indebtedness on the part of public bodies of \$20 million a year, an increase of 2 per cent means an added burden of \$400,000 to the taxpayers of Canada. Assuming, further that over-all indebtedness in Canada including that of government runs to approximately \$200 million, an increase of 2 per cent adds a burden to our cost of production and to our consumer prices of over \$4 million a year. I should like to have the opportunity to ask the authorities of the Bank of Canada whether or not this bond conversion deal was really urgent and necessary at the time it was undertaken.

We now have another proposal offered by the government, namely the proposal that the government ought to dump on the money market \$750 million worth of mortgage paper that it owns. If this has to be discounted at 10 per cent in order to make it marketable it may mean a loss to the Canadian taxpayer of \$75 million. I should like to ask the opinion of the governor of the Bank of Canada as to what the effect might be of the government unloading on to the money market \$750 million worth of securities. I should also like to ask the governor of the Bank of Canada what he thinks of a reported claim on the part of the Prime Minister (Mr. Diefenbaker) as appears in the *Globe and Mail* of Monday last—

Mr. Speaker: Order. The hon. member has departed from the grievance. The grievance has nothing to do with reported claims.

Mr. Regier: I was only attempting to support the grievance and to express my opinion as to why we ought to be able to interview the governor of the Bank of Canada. I meant to read out a statement which was made last weekend by the Prime Minister having to do with monetary policy. I was about to place that on the record and show why I would welcome the opinion of the governor of the bank with respect to it.

Mr. Speaker: The hon. member may illustrate his reasons for thinking that the governor of the bank should be brought before a committee of the house for examination but he is not at liberty to go into all the matters that might be raised during an examination. If we allowed all those matters to be debated there would be no limit to the grievance. The grievance is a narrow and succinct matter and the hon. member must confine himself to it.

Mr. Regier: I must accept your ruling, Mr. Speaker, and I will gladly do so though I have never heard before of our being denied the right to give reasons as to why we support an argument.

Money supply in a nation is similar to the blood supply in a human body. We do not know on any real authority whether this country can afford a further expansion of the money supply. We are being denied expert knowledge in relation to this important subject. We are being denied information as to whether or not anti-inflation measures would have to accompany any expansion of the monetary supply. We have no access to guidance as to what those measures might be and which measures would be advisable. We seem to be following a policy which, I believe, has proved to be a complete failure, namely, that a nation is able to borrow itself into eternal prosperity. This, in my books, does not add up.

I know we have lived on this particular theory ever since 1945 but I contend that no nation is able to create money by using its printing presses; money which is, therefore, worthless and inflationary. I also contend that no nation can continue to borrow itself into prosperity forever, because eventually the day of reckoning comes. I believe the government of the day may be somewhat unfortunate in that it happens to be in office at the present time when the day of reckoning is arriving at long last. I should like to have the Bank of Canada tell us whether it considers that it is inadequate to handle its basic assignment unless it is also given complete authority over credit sales as well as over currency. I should also like to ask whether in its opinion the insurance and investment houses of Canada ought not to be brought under the broad jurisdiction of the bank along with the chartered banks.

Hon. Donald M. Fleming (Minister of Finance): The hon. member for Essex East (Mr. Martin) has regaled us this evening—I think that is the word—by one of his champion matinee performances. This kind of performance, on first hearing, is very impressive. The second time it is moderately impressive. The third time, less impressive; the fourth time, still less impressive, the fifth time unimpressive, the sixth and succeeding times a little difficult to listen to by reason of infinite repetition. The hon. member should vary his act a little once in a while, give a little fresh flavour to it. It would make his performance a little more interesting, if I might make that suggestion to him. The typical mood in this burlesque performance is that of synthetic indignation.